

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA : INFORMATION
v. : 01 Cr. 297 (KMW)
FRED LEE HOOD, : Filed: 04/02/01
Defendant. :

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COUNT ONE

The United States of America, acting through its
attorneys, charges:

Conspiracy

The Relevant Parties And Entities

1. Except as otherwise noted, at all times relevant
to this Information:

a. The defendant FRED LEE HOOD was the president
and owner of Fred Hood & Associates, Inc. ("FH&A"), a corporation
located in Calabasas, California, which specialized in locating
executives for corporations. FH&A's clients paid a fee to FH&A
for each individual identified by FH&A and subsequently hired by
the client (the "Executive Placement Fee").

b. Domecq Importers, Inc. ("Domecq Importers")
imported and distributed several brands of alcoholic beverages,
including Sauza tequila and Presidente brandy. Domecq Importers
had its headquarters in Old Greenwich, Connecticut.

c. In or about March 1994, Domecq Importers and other related companies were purchased by Allied-Lyons PLC, a multi-national corporation based in England. After purchasing these companies, Allied-Lyons changed its name to Allied Domecq PLC. Following its acquisition by Allied-Lyons, Domecq Importers remained a separate corporation, which was operated as part of Allied Domecq Spirits & Wines, the North American branch of Allied Domecq.

d. Gabriel Sagaz, Thomas Kaminsky, and Alfredo Valdes (hereinafter collectively referred to as "the Domecq Co-conspirators"), co-conspirators not named as defendants herein, were senior executives of Domecq Importers responsible for hiring numerous high-level employees.

Statutory Allegations

2. From in or about March 1996 through in or about June 15, 1997, in the Southern District of New York and elsewhere, the defendant FRED LEE HOOD and others known and unknown, unlawfully, wilfully, and knowingly did combine, conspire, confederate, and agree together and with each other: (1) to defraud the United States of America and the Internal Revenue Service ("IRS"), an agency of the United States, by impeding, impairing, defeating, and obstructing the lawful governmental functions of the IRS in the ascertainment, evaluation, assessment, and collection of federal income taxes;

and (2) to commit offenses against the United States, to wit, to violate Title 26, United States Code, Section 7201, all in violation of Title 18, United States Code, Section 371.

3. It was a part and object of the conspiracy that the defendant FRED LEE HOOD and others known and unknown would and did defraud the IRS by impeding, impairing, obstructing, and defeating the lawful Government functions of the IRS in ascertaining, evaluating, assessing, and collecting federal income taxes due from the Domecq Co-conspirators and FH&A by impeding and impairing scrutiny by the IRS of payments that FH&A made to the Domecq Co-conspirators, and payments FH&A received from Domecq Importers.

4. It was a further part and object of the conspiracy that the defendant FRED LEE HOOD and others known and unknown would and did attempt to evade and defeat a substantial part of the income tax due and owing to the United States by the Domecq Co-conspirators and FH&A, in violation of Title 26, United States Code, Section 7201.

The Means And Methods Of The Conspiracy

5. Among the means and methods by which the defendant FRED LEE HOOD and the Domecq Co-conspirators would and did carry out the conspiracy and effect its unlawful objects were the following:

a. Beginning in or about March 1996, the defendant FRED LEE HOOD agreed with the Domecq Co-conspirators that the Domecq Co-conspirators would cause Domecq Importers to utilize the services of FH&A in connection with the hiring of certain employees. HOOD and the Domecq Co-conspirators further agreed that HOOD would pay to the Domecq Co-conspirators a portion of any and all Executive Placement Fees that Domecq Importers paid to FH&A in connection with the hiring of these employees.

b. Thereafter, between in or about March 1996 and in or about October 1996, the Domecq Co-conspirators caused Domecq Importers to hire approximately nine employees recommended by FH&A and to pay FH&A Executive Placement Fees totaling approximately \$202,425. The defendant FRED LEE HOOD then paid approximately \$63,978 in cash to the Domecq Co-conspirators.

c. The defendant FRED LEE HOOD deposited a portion of the Executive Placement Fees paid by Domecq Importers into his personal bank accounts, rather than one of the bank accounts maintained by FH&A. He subsequently withdrew from his personal bank accounts cash corresponding to the portion of the Executive Placement Fees to be paid to the Domecq Co-conspirators.

d. The defendant FRED LEE HOOD did not record as income on FH&A's books and records the portion of the Executive

Placement Fees paid by Domecq Importers that had been deposited into his personal bank accounts and then given to the Domecq Co-conspirators. FH&A did not report this portion of the Executive Placement Fees paid by Domecq Importers as gross receipts on its U.S. Corporation Short-Form Income Tax Return, Form 1120-A, for the fiscal year ending March 31, 1997.

e. The Domecq Co-conspirators did not report the cash they received from the defendant FRED LEE HOOD as income on their U.S. Individual Income Tax Returns, Forms 1040, for tax year 1996.

Overt Acts

6. In furtherance of the conspiracy, and to effect its illegal objects, the following overt acts were committed in the Southern District of New York and elsewhere:

a. Between in or about March 1996 and October 1996, the Domecq Co-conspirators caused Domecq Importers to utilize the services of FH&A in connection with the hiring of approximately nine employees.

b. Between in or about March 1996 and in or about October 1996, Domecq Importers paid Executive Placement Fees to FH&A totaling approximately \$202,425.

c. Between in or about March 1996 and in or about October 1996, the defendant FRED LEE HOOD paid approximately \$63,978 in cash to the Domecq Co-conspirators.

d. In or about the Fall of 1996, the defendant FRED LEE HOOD met with one of the Domecq Co-conspirators in a hotel in Manhattan for the purpose of giving the Domecq Co-conspirator a cash payment representing a portion of the Executive Placement Fees that Domecq Importers had paid to FH&A.

(Title 18, United States Code, Section 371.)

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